

**IOWA FALLS
COMMUNITY SCHOOL DISTRICT**

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2009

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**IOWA FALLS COMMUNITY SCHOOL DISTRICT
OFFICIALS**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board Of Education		
(Before September 2008 Election)		
T. J. Norman	President	2008
Shane Krukow	Vice President	2010
Elaine Loring		2008
Paul Hoversten		2009
Tom Johnson		2009

(After September 2008 Election)		
T. J. Norman	President	2011
Shane Krukow	Vice President	2011 *
Elaine Loring		2011
Paul Hoversten		2009
Tom Johnson		2009

School Officials	
Dr. John Robbins	Superintendent
Trish Lee	District Secretary/ Treasurer

* Board term extended per the District's transition plan for changing Board terms from 3 to 4 years in accordance with Chapter 39.24 of the Code of Iowa.

BRUCE D. FRINK

Certified Public Accountant

Independent Auditor's Report

To the Board of Education of
Iowa Falls Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Iowa Falls Community School District, Iowa Falls Iowa, as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Iowa Falls Community School District at June 30, 2009, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated March 16, 2010 on our consideration of Iowa Falls Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Budgetary Comparison Information and Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 12 and 37 through 39 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Member:

- American Institute of Certified Public Accountants
- Iowa Society of Certified Public Accountants


Services:

- Individual & Corporate Tax Preparation, Partnerships, Estate & Trust
- Year Round Tax Planning
- Electronic Filing
- Payroll & Sales Tax Preparation
- I.R.S. Representation
- Monthly/Quarterly Write-Up
- Data Processing Services
- Payroll Preparation
- Computerized Financial Statements
- Business/Personal Financial Planning
- Bank Loan Assistance
- Section 105 Medical Plan Administration

Plus:

- Over 30 years of Expertise and Experience
- Evenings & Saturdays Available by Appointment
- Extended Hours During Tax Season

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Iowa Falls Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the year ended June 30, 2008 (which are not presented herein) and expressed unqualified opinions on those financial statements. The financial statements for the seven years ended June 30, 2007 (which are not presented herein) were audited by other auditors who expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



BRUCE D. FRINK
Certified Public Accountant

March 16, 2010

IOWA FALLS COMMUNITY SCHOOL DISTRICT

Management's Discussion and Analysis

Iowa Falls Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2009. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2009 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$9,904,684 in fiscal 2008 to \$10,568,312 in fiscal 2009 (a 7% increase), while General Fund expenditures increased from \$9,880,303 in fiscal 2008 to \$10,256,632 in fiscal 2009 (a 4% increase).
- The increase in General Fund revenues was attributable to increases from all funding sources. The increase in expenditures was due primarily to an increase in the negotiated salary and benefits. The unreserved General Fund balance increased by 33 percent.
- The District continues its whole grade sharing agreement with Alden Community School District.
- The District's solvency ratio increased from 9.5% to 10.9%. This is an indicator of the financial health of the District. 10% is a commonly recommended goal.
- The District's in district enrollment decreased by 8.1 students. Students actually served in the District increased by 18.8 students. The District is able to claim partial weighting for a four year old preschool program approved by the Department of Education.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Iowa Falls Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Iowa Falls Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Iowa Falls Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year as well as presenting the schedule of funding progress for the retiree health plan.

Other Supplementary Information provides detailed information about the nonmajor governmental funds. In addition, the Schedule of Expenditures of Federal Awards provides detail of various federal programs benefiting the District.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

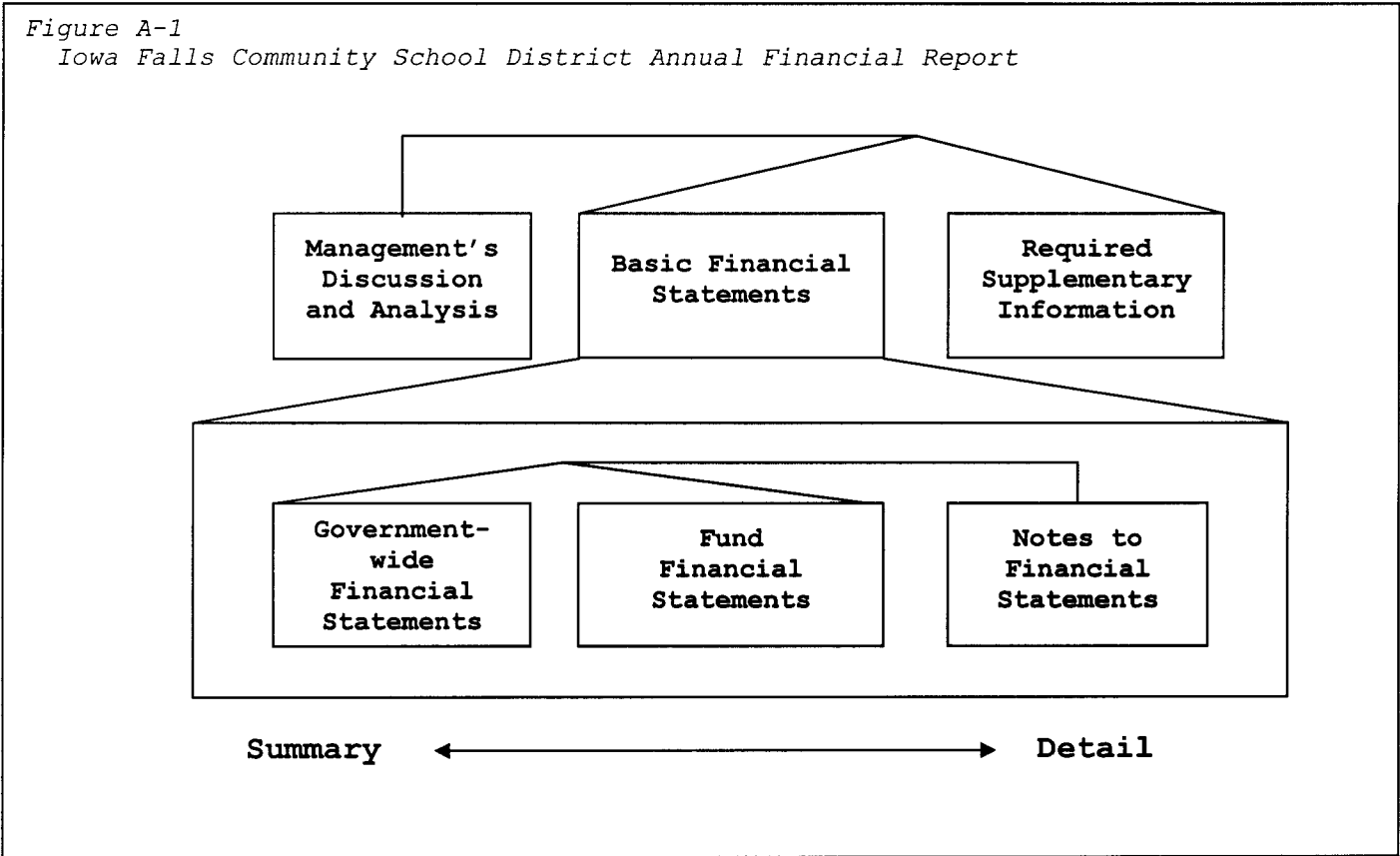


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2 Major Features of the Government-wide and Fund Financial Statements				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Fund	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and day care	Instances in which the district administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses and changes in fund net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets - the difference between the District's assets and liabilities - are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition and community education programs are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds or to show that it is properly using certain revenues such as federal grants.

The District has three kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Capital Projects and Debt Service Fund.

The required financial statements for governmental funds include a balance sheet and a state of revenues, expenditures and changes in fund balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business type activities but provide more detail and additional information, such as cash flows. The District currently has two enterprise funds, the School Nutrition Fund and the Day Care Fund.

The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

3) *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. These funds include Private-Purpose Trust and Agency Funds.

- Private-Purpose Trust Fund - The District accounts for outside donations for scholarships for individual students in this fund.
- Agency Funds - These are funds through which the District administers and accounts for certain federal and/or state grants on behalf of other Districts and certain revenue collected for District employee purchases of pop and related expenditures.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds include a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets for the year ended June 30, 2009 compared to 2008.

Figure A-3 Condensed Statement of Net Assets (Expressed in Thousands)							
	Governmental Activities		Business type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2009	2008	2009	2008	2009	2008	2008-2009
Current assets	\$ 7,593	7,715	4	20	7,597	7,735	-1.78%
Capital assets	7,125	6,266	34	42	7,159	6,308	13.49%
Total assets	14,718	13,981	38	62	14,756	14,043	5.08%
Current liabilities	5,268	4,641	10	10	5,278	4,651	13.48%
Non-current liabilities	1,707	2,286	-	-	1,707	2,286	-25.33%
Total liabilities	6,975	6,927	10	10	6,985	6,937	0.69%
Net Assets							
Invested in capital assets, net of related debt	5,650	4,211	34	42	5,684	4,253	33.65%
Restricted	677	1,642	-	-	677	1,642	-58.77%
Unrestricted	1,416	1,201	(6)	10	1,410	1,211	16.43%
Total net assets	\$ 7,743	7,054	28	52	7,771	7,106	9.36%

The District's net assets increased by over 9%. Growth in the General Fund and capital asset additions accounted for the majority of the growth.

Figure A-4 shows the changes in net assets for the year ended June 30, 2009 compared to the year ended June 30, 2008.

Figure A-3
Condensed Statement of Net Assets
(Expressed in Thousands)

	Governmental Activities		Business type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2009	2008	2009	2008	2009	2008	2008-09
Revenues:							
Program revenues:							
Charges for service and sales	\$ 1,108	1,058	306	246	1,414	1,304	8.44%
Operating grants, contributions and restricted interest	2,053	1,738	229	212	2,282	1,950	17.03%
General revenues:							
Property tax	3,213	3,099	-	-	3,213	3,099	3.68%
Income surtax	480	481	-	-	480	481	-0.21%
Local option sales tax	714	625	-	-	714	625	14.24%
Unrestricted state grants	4,557	4,439	-	-	4,557	4,439	2.66%
Unrestricted investment earnings	26	43	-	-	26	43	-39.53%
Other	19	7	-	-	19	7	171.43%
Total revenues	<u>12,170</u>	<u>11,490</u>	<u>535</u>	<u>458</u>	<u>12,705</u>	<u>11,948</u>	<u>6.34%</u>
Program expenses:							
Governmental activities:							
Instruction	7,378	7,228	-	-	7,378	7,228	2.08%
Support services	3,250	2,933	-	-	3,250	2,933	10.81%
Non-instructional programs	1	2	531	479	532	481	10.60%
Other expenses	851	1,402	-	-	851	1,402	-39.30%
Total expenses	<u>11,480</u>	<u>11,565</u>	<u>531</u>	<u>479</u>	<u>12,011</u>	<u>12,044</u>	<u>-0.27%</u>
Change in net assets	<u>\$ 690</u>	<u>(75)</u>	<u>4</u>	<u>(21)</u>	<u>694</u>	<u>(96)</u>	<u>-822.92%</u>

Property tax and unrestricted state grants account for 61% of the total revenue. The District's expenses primarily relate to instruction and support services which account for 88% of the total expenses.

Governmental Activities

Revenues for governmental activities were \$12,170,038 and expenses were \$11,480,479.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses, for the year ended June 30, 2009 compared to the year ended June 30, 2008.

Figure A-5
Total and Net Cost of Governmental Activities
(Expressed in Thousands)

	Total Cost of Services			Net Cost of Services		
	2009	2008	Change 2008-2009	2009	2008	Change 2008-2009
Instruction	\$ 7,378	7,228	2.08%	4,671	4,908	-4.83%
Support services	3,250	2,933	10.81%	3,229	2,923	10.47%
Non-instructional programs	1	2	-50.00%	1	2	-50.00%
Other expenditures	<u>851</u>	<u>1,402</u>	<u>-39.30%</u>	<u>418</u>	<u>936</u>	<u>-55.34%</u>
Totals	<u>\$ 11,480</u>	<u>11,565</u>	<u>-0.73%</u>	<u>8,319</u>	<u>8,769</u>	<u>-5.13%</u>

For the year ended June 30, 2009:

- The cost financed by users of the District's programs was \$1,108,443.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,233,901.
- The net cost of governmental activities was financed with \$3,212,845 in property tax and \$4,557,005 in state foundation aid.

Business Type Activities

Revenues for business type activities during the year ended June 30, 2009 were \$534,755 and expenses totaled \$531,052. The District's business type activities include the School Nutrition and Day Care Funds. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As previously noted the Iowa Falls Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported combined fund balances of \$1,954,761, twenty-seven percent below last year's ending fund balances of \$2,678,993.

This was primarily due to the decrease in the Capital Projects Fund. This was primarily a result of using loan dollars obtained in fiscal year 2008 to pay for projects completed in the current year.

Governmental Fund Highlights

- The District increased its General Fund balance by watching expenses closely and exploring alternative sources of revenues.
- The District completed several infrastructure projects that will enhance the District facilities.

Proprietary Fund Highlights

The Nutrition Fund increased due to increased revenues and cost control measures. The District has attempted to maintain prices at a reasonable level.

BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. A schedule showing the original and final budget amounts compared to the District's actual financial activity is included in the required supplementary information section of this report. Since the District does not adopt a budget for individual funds, budgets for the General Fund, Debt Service, Capital Project, Enterprise and Special Revenue Funds are not presented in the budgetary comparison on pages 37 and 38.

Legal Budgetary Highlights

The District's total actual receipts were approximately \$470,000 more than the total budgeted receipts. The most significant change resulted in the District receiving more in miscellaneous local revenues than originally anticipated. A state aid cut in mid-year was partially offset by federal stimulus money.

Total expenditures were over \$570,000 less than budgeted. It is the District's practice to budget expenditures at the maximum authorized spending through its line-item budget. As a result, the District's certified budget should always exceed the actual expenditures during the year. The District also did not exceed the General Fund unspent authorized budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2009, the District has invested more than \$7.1 million, net of accumulated depreciation in a broad range of capital assets including school buildings, athletic facilities, central kitchen, maintenance and administrative buildings, computer and audiovisual equipment, maintenance equipment, school buses, library holdings and textbooks. Total depreciation expense for the year exceeded \$425,000.

Figure A-6
Capital Assets, net of Depreciation
(Expressed in Thousands)

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2009	2008	2009	2008	2009	2008	2008-2009
Land	\$ 128	128	-	-	128	128	0.00%
Land improvements	159	170	-	-	159	170	-6.47%
Buildings	5,837	5,145	-	-	5,837	5,145	13.45%
Furniture and equipment	1,001	823	34	37	1,035	860	20.35%
Totals	<u>\$ 7,125</u>	<u>6,266</u>	<u>34</u>	<u>37</u>	<u>7,159</u>	<u>6,303</u>	<u>13.58%</u>

Long - Term Debt

The District has \$925,000 of general obligation bonds that will fully mature in 2012. The interest rates on this debt ranges from 2.50% to 3.15%. Payments are made from a property tax levy approved by voters of the District.

The District has \$550,00 of revenue bonds to be repaid over the next two years with proceeds of the one cent sales tax.

Figure A-7
Outstanding Long-Term Obligations
(Expressed in Thousands)

	Total District		Total Change
	June 30,		June 30,
	2009	2008	2008-2009
General obligation bonds	\$ 925	1,240	-25.40%
Early retirement	211	231	-8.66%
Other post employment benefits	21	-	100.00%
Revenue bonds	<u>550</u>	<u>815</u>	<u>100.00%</u>
Total	<u>\$ 1,707</u>	<u>2,286</u>	<u>-25.33%</u>

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of existing circumstances that could significantly affect its financial health in the future:

- Iowa law requires that unsettled salary negotiations for teachers go to mandatory arbitration. Invariably arbitrated settlements are higher than current levels of allowable growth in funding (not including the budget cuts after the contracts have been settled and people have been hired).
- Once again unfunded mandates are stretching the limits of not only the financial health of the District, but also the human resources aspect of the District. "No Child Left Behind", "Student Achievement and Teacher Quality Act", and "GASB 34", to name a few.
- The District continues a two way sharing agreement with Alden Community School District. Continuation of this agreement will continue to assist the District.
- State funding cuts during mid-year adversely affect the ability of the District to plan for the future.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Trish Lee, District Secretary, Iowa Falls Community School District, 710 N St, Iowa Falls, IA 50126.

Basic Financial Statements

IOWA FALLS COMMUNITY SCHOOL DISTRICT

Statement of Net Assets

June 30, 2009

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and pooled investments	\$ 2,694,981	1,147	2,696,128
ISCAP investments	572,930	-	572,930
Receivables:			
Property tax:			
Current year	54,653	-	54,653
Succeeding year	3,536,642	-	3,536,642
Income surtax	383,693	-	383,693
Due from other governments	302,186	-	302,186
Interfund receivable	10,344	(10,344)	-
Other receivables	21,494	296	21,790
ISCAP accrued interest receivable	71	-	71
Inventories	-	12,599	12,599
Prepaid expenses	16,427	-	16,427
Capital assets, net of accumulated depreciation	7,124,636	33,739	7,158,375
Total assets	14,718,057	37,437	14,755,494
Liabilities			
Accounts payable	111,977	4,361	116,338
Accrued salary and benefits	1,028,266	-	1,028,266
Accrued interest payable	13,252	-	13,252
Unearned revenues	-	5,395	5,395
ISCAP warrants payable	564,000	-	564,000
ISCAP unamortized premium	10,918	-	10,918
ISCAP accrued interest payable	193	-	193
Deferred revenue:			
Succeeding year property tax	3,536,642	-	3,536,642
Federal programs	2,971	-	2,971
Long term liabilities:			
Portion due within one year:			
Early retirement	97,603	-	97,603
General obligation bonds	320,000	-	320,000
Revenue bonds	270,000	-	270,000
Portion due after one year:			
Early retirement	113,030	-	113,030
General obligation bonds	605,000	-	605,000
Revenue bonds	280,000	-	280,000
Net OPEB liability	21,000	-	21,000
Total liabilities	6,974,852	9,756	6,984,608
Net assets			
Invested in capital assets, net of related debt	5,649,636	33,739	5,683,375
Restricted for:			
Management fund	59,385	-	59,385
Debt service	8,479	-	8,479
Physical plant and equipment levy	3,532	-	3,532
Capital projects	511,219	-	511,219
Categorical funding	95,329	-	95,329
Unrestricted	1,415,625	(6,058)	1,409,567
Total net assets	\$ 7,743,205	27,681	7,770,886

See notes to financial statements.

IOWA FALLS COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2009

	Program Revenues					Business Type Activities	Total
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Governmental Activities			
Functions/Programs:							
Governmental activities:							
Instruction	\$ 7,378,027	1,105,722	1,601,689	(4,670,616)	-	(4,670,616)	
Support services:							
Student services	373,982	-	-	(373,982)	-	(373,982)	
Instructional staff services	497,609	-	-	(497,609)	-	(497,609)	
Administration services	1,116,906	-	-	(1,116,906)	-	(1,116,906)	
Operation and maintenance of plant services	899,916	-	17,490	(882,426)	-	(882,426)	
Transportation services	310,987	2,721	-	(308,266)	-	(308,266)	
	3,199,400	2,721	17,490	(3,179,189)	-	(3,179,189)	
Non-instructional programs:							
Community service operations	1,428	-	-	(1,428)	-	(1,428)	
Other expenditures:							
Interest on long-term debt	55,389	-	2,127	(53,262)	-	(53,262)	
Long-term debt services	350	-	-	(350)	-	(350)	
Facilities acquisition and construction	43,368	-	51,680	8,312	-	8,312	
AEA flowthrough	380,255	-	380,255	-	-	-	
Depreciation (unallocated) *	422,262	-	-	(422,262)	-	(422,262)	
	901,624	-	434,062	(467,562)	-	(467,562)	
Total governmental activities	11,480,479	1,108,443	2,053,241	(8,318,795)	-	(8,318,795)	

IOWA FALLS COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2009

	Program Revenues			Governmental Activities	Business Type Activities	Total
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest			
Business type activities:						
Non-instructional programs:						
Food service operations	498,995	288,327	228,925	-	18,257	18,257
Community service and education	32,057	17,503	-	-	(14,554)	(14,554)
	531,052	305,830	228,925	-	3,703	3,703
Total	\$ 12,011,531	1,414,273	2,282,166	(8,318,795)	3,703	(8,315,092)
General Revenues:						
Property tax levied for:						
General purposes				\$ 2,647,329	-	2,647,329
Management fund				200,110	-	200,110
Capital outlay				89,987	-	89,987
Debt service				275,419	-	275,419
Income surtax				480,388	-	480,388
Statewide sales and services tax				713,509	-	713,509
Unrestricted state grants				4,557,005	-	4,557,005
Unrestricted investment earnings				25,539	-	25,539
Other				19,068	-	19,068
Total general revenues				9,008,354	-	9,008,354
Change in net assets				689,559	3,703	693,262
Net assets beginning of year				7,053,646	23,978	7,077,624
Net assets end of year				\$ 7,743,205	27,681	7,770,886

* This amount excludes the depreciation that is included in the direct expense of the various programs.

See notes to financial statements

IOWA FALLS COMMUNITY SCHOOL DISTRICT

Balance Sheet
Governmental Funds

June 30, 2009

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Special Revenue</u>	<u>Total</u>
Assets					
Cash and pooled investments	\$ 2,110,979	4,153	407,057	172,792	2,694,981
ISCAP investments	572,930	-	-	-	572,930
Receivables:					
Property tax:					
Current year	45,449	4,326	-	4,878	54,653
Succeeding year	2,962,915	289,579	-	284,148	3,536,642
Income surtax	383,693	-	-	-	383,693
Due from other governments	192,377	-	109,809	-	302,186
Interfund receivable	10,344	-	-	-	10,344
Other receivables	11,998	-	484	9,012	21,494
ISCAP accrued interest receivable	71	-	-	-	71
Prepaid expenses	16,427	-	-	-	16,427
Total assets	<u>\$ 6,307,183</u>	<u>\$ 298,058</u>	<u>\$ 517,350</u>	<u>\$ 470,830</u>	<u>\$ 7,593,421</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 104,167	-	6,131	1,679	111,977
Accrued salary and benefits	1,028,266	-	-	-	1,028,266
ISCAP warrants payable	564,000	-	-	-	564,000
ISCAP unamortized premium	10,918	-	-	-	10,918
ISCAP accrued interest payable	193	-	-	-	193
Deferred revenue:					
Succeeding year property tax	2,962,915	289,579	-	284,148	3,536,642
Income surtax	383,693	-	-	-	383,693
Federal programs	2,971	-	-	-	2,971
Total liabilities	<u>5,057,123</u>	<u>289,579</u>	<u>6,131</u>	<u>285,827</u>	<u>5,638,660</u>
Fund balances:					
Reserved for debt services	-	8,479	-	-	8,479
Reserved for capital projects	-	-	511,219	-	511,219
Reserved for categorical funding	95,329	-	-	-	95,329
Unreserved	1,154,731	-	-	185,003	1,339,734
Total fund balances	<u>1,250,060</u>	<u>8,479</u>	<u>511,219</u>	<u>185,003</u>	<u>1,954,761</u>
Total liabilities and fund balances	<u>\$ 6,307,183</u>	<u>298,058</u>	<u>517,350</u>	<u>470,830</u>	<u>7,593,421</u>

See notes to financial statements.

IOWA FALLS COMMUNITY SCHOOL DISTRICT

Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Assets

June 30, 2009

Total fund balances of governmental funds (Exhibit C)	\$ 1,954,761
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Income surtax receivable at June 30, 2009 is not recognized as income until received in the governmental funds, however it is shown as a revenue in the Statement of Activities.	383,693
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	7,124,636
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Accrued interest payable on long-term liabilities is not due and payable in the current period and , therefore, is not reported as a liability in the governmental funds.	(13,252)
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.

Early retirement	\$ (210,633)	
Net OPEB liability	(21,000)	
General obligation bonds payable	(925,000)	
Revenue bonds payable	<u>(550,000)</u>	<u>(1,706,633)</u>

Net assets of governmental activities (Exhibit A)	<u>\$ 7,743,205</u>
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IOWA FALLS COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Fund

Year ended June 30, 2009

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Special Revenue</u>	<u>Total</u>
Revenues:					
Local sources:					
Local tax	\$ 3,146,482	275,419	713,509	290,097	4,425,507
Tuition	941,463	-	-	-	941,463
Other	309,598	1,943	51,680	287,201	650,422
State sources	5,763,263	184	-	208	5,763,655
Federal sources	407,506	-	-	-	407,506
Total revenues	<u>10,568,312</u>	<u>277,546</u>	<u>765,189</u>	<u>577,506</u>	<u>12,188,553</u>
Expenditures:					
Instruction	<u>6,980,453</u>	<u>-</u>	<u>24,330</u>	<u>372,885</u>	<u>7,377,668</u>
Support services:					
Student services	373,982	-	-	-	373,982
Instructional staff services	352,749	-	138,322	6,538	497,609
Administration services	1,093,166	-	-	23,740	1,116,906
Operation and maintenance of plant services	813,226	-	24,573	62,117	899,916
Transportation services	<u>261,373</u>	<u>-</u>	<u>33,062</u>	<u>16,552</u>	<u>310,987</u>
	<u>2,894,496</u>	<u>-</u>	<u>195,957</u>	<u>108,947</u>	<u>3,199,400</u>
Non-instructional programs:					
Community service operations	<u>1,428</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,428</u>
Other expenditures:					
Long-term debt:					
Principal	-	580,000	-	-	580,000
Interest	-	49,863	-	-	49,863
Services	-	350	-	-	350
Facilities acquisition and construction	-	-	1,236,353	87,718	1,324,071
AEA flowthrough	<u>380,255</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>380,255</u>
	<u>380,255</u>	<u>630,213</u>	<u>1,236,353</u>	<u>87,718</u>	<u>2,334,539</u>
Total expenditures	<u>10,256,632</u>	<u>630,213</u>	<u>1,456,640</u>	<u>569,550</u>	<u>12,913,035</u>
Excess (deficiency) of revenues over (under) expenditures	<u>311,680</u>	<u>(352,667)</u>	<u>(691,451)</u>	<u>7,956</u>	<u>(724,482)</u>

IOWA FALLS COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Fund

Year ended June 30, 2009

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Special Revenue</u>	<u>Total</u>
Other financing sources (uses):					
Sale of equipment	250	-	-	-	250
Operating transfers in	-	340,677	-	-	340,677
Operating transfers out	-	-	(340,677)	-	(340,677)
	<u>250</u>	<u>340,677</u>	<u>(340,677)</u>	<u>-</u>	<u>250</u>
Net change in fund balance	311,930	(11,990)	(1,032,128)	7,956	(724,232)
Fund balances beginning of year	<u>938,130</u>	<u>20,469</u>	<u>1,543,347</u>	<u>177,047</u>	<u>2,678,993</u>
Fund balances end of year	<u>\$ 1,250,060</u>	<u>8,479</u>	<u>511,219</u>	<u>185,003</u>	<u>1,954,761</u>

See notes to financial statements.

IOWA FALLS COMMUNITY SCHOOL DISTRICT

Reconciliation of the Statement of Revenues, Expenditures and
 Changes in Fund Balances - Governmental Funds
 to the Statement of Activities

Year ended June 30, 2009

Net change in fund balances - total governmental funds (Exhibit E) \$ (724,232)

**Amounts reported for governmental activities in the Statement of
 Activities are different because:**

Income surtaxes not collected for several months after the District's
 fiscal year ends are not considered "available" revenues in the
 governmental funds and are included as deferred revenues. They are,
 however, recorded as revenues in the statement of activities
 This represents the change in income surtax receivable from FY09 to FY10 (18,765)

Capital outlays to purchase or build capital assets are reported in
 governmental funds as expenditures. However, those costs are not
 reported in the Statement of Net Activities and are allocated over their
 estimated useful lives as depreciation expense in the Statement of
 Activities. The amounts of capital outlays and depreciation expense
 in the year are as follows:

Capital outlays	\$ 1,280,703	
Depreciation expense	<u>(422,262)</u>	858,441

Interest on long-term debt in the Statement of Activities differs from
 the amount reported in the governmental funds because interest is
 recorded as an expenditure in the funds when due. In the Statement
 of Activities, interest expense is recognized as the interest accrues,
 regardless of when it is due. (5,526)

Some expenses reported in the Statement of Activities do
 not require the use current financial resources and, therefore, are
 not reported as expenditures in the governmental funds.

Early retirement	20,641	
Other postemployment benefits	<u>(21,000)</u>	(359)

Repayment of long-term liabilities is an expenditure in the
 governmental funds, but the repayment reduces long-term liabilities
 in the Statement of Net Assets. 580,000

Change in net assets of governmental activities (Exhibit B) \$ 689,559

See notes to financial statements.

IOWA FALLS COMMUNITY SCHOOL DISTRICT

Statement of Net Assets
Proprietary Funds

June 30, 2009

	<u>School Nutrition</u>	<u>Day Care</u>	<u>Total</u>
Assets			
Cash and pooled investments	\$ 1,147	-	1,147
Other receivables	296	-	296
Inventories	12,599	-	12,599
Capital assets, net of accumulated depreciation	<u>33,739</u>	<u>-</u>	<u>33,739</u>
Total assets	<u>47,781</u>	<u>-</u>	<u>47,781</u>
Liabilities			
Accounts payable	4,361	-	4,361
Interfund payable	-	10,344	10,344
Unearned revenues	<u>5,395</u>	<u>-</u>	<u>5,395</u>
	<u>9,756</u>	<u>10,344</u>	<u>20,100</u>
Net assets			
Invested in capital assets	33,739	-	33,739
Unrestricted	<u>4,286</u>	<u>(10,344)</u>	<u>(6,058)</u>
Total net assets	<u>\$ 38,025</u>	<u>(10,344)</u>	<u>27,681</u>

See notes to financial statements.

IOWA FALLS COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds

Year ended June 30, 2009

	<u>School Nutrition</u>	<u>Day Care</u>	<u>Total</u>
Operating revenue:			
Local sources:			
Charges for services	\$ 288,327	17,503	305,830
Operating expenses:			
Non-instructional programs:			
Food service operations:			
Salaries	154,184	-	154,184
Benefits	49,257	-	49,257
Services	12,317	-	12,317
Supplies	276,420	-	276,420
Depreciation	6,817	-	6,817
	<u>498,995</u>	<u>-</u>	<u>498,995</u>
Other enterprise operations:			
Salaries	-	21,422	21,422
Benefits	-	8,171	8,171
Supplies	-	2,464	2,464
	<u>-</u>	<u>32,057</u>	<u>32,057</u>
Total operating expenses	<u>498,995</u>	<u>32,057</u>	<u>531,052</u>
Operating (loss)	<u>(210,668)</u>	<u>(14,554)</u>	<u>(225,222)</u>
Non-operating revenues:			
Interest on investments	60	-	60
State sources	6,271	-	6,271
Federal sources	222,594	-	222,594
	<u>228,925</u>	<u>-</u>	<u>228,925</u>
Change in fund net assets	18,257	(14,554)	3,703
Net assets beginning of year	<u>19,768</u>	<u>4,210</u>	<u>23,978</u>
Net assets end of year	<u>\$ 38,025</u>	<u>(10,344)</u>	<u>27,681</u>

See notes to financial statements.

IOWA FALLS COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows
Proprietary Fund

Year ended June 30, 2009

	School Nutrition	Day Care	Total
Cash flows from operating activities:			
Cash received from sale of services	\$ 289,625	17,503	307,128
Cash payments to employees for services	(203,441)	(29,593)	(233,034)
Cash payments to suppliers for goods or services	(256,619)	(2,464)	(259,083)
Net cash (used by) operating activities	(170,435)	(14,554)	(184,989)
Cash flows from non-capital financing activities:			
State grants received	6,271	-	6,271
Federal grants received	189,961	-	189,961
Net cash provided by non-capital financing activities	196,232	-	196,232
Cash flows from capital financing activities:			
Acquisition of fixed assets	(899)	-	(899)
Cash flows from investing activities:			
Interest on investments	60	-	60
Net (decrease) in cash and cash equivalents	24,958	(14,554)	10,404
Cash and cash equivalents beginning of year	(23,811)	4,210	(19,601)
Cash and cash equivalents end of year	\$ 1,147	(10,344)	(9,197)
Reconciliation of operating (loss) to net cash used by operating activities:			
Operating (loss)	\$ (210,668)	(14,554)	(225,222)
Adjustments to reconcile operating (loss) to net cash (used by) operating activities:			
Depreciation	6,817	-	6,817
Commodities used	32,633	-	32,633
Decrease in other receivables	403	-	403
Decrease in inventory	(4,378)	-	(4,378)
Increase in accounts payable	3,863	-	3,863
Increase in unearned revenue	895	-	895
	<u>\$ (170,435)</u>	<u>(14,554)</u>	<u>(184,989)</u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2009, the District received federal commodities valued at \$32,633.

See notes to financial statements.

IOWA FALLS COMMUNITY SCHOOL DISTRICT

Statement of Fiduciary Net Assets
Fiduciary Funds

June 30, 2009

	Private Purpose Trusts	Agency
Assets		
Cash and pooled investments	\$ 22,522	14,969
Liabilities		
Other payables	-	14,969
Net Assets		
Reserved for special purposes	<u>\$ 22,522</u>	<u>-</u>

See notes to financial statements.

IOWA FALLS COMMUNITY SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Assets
Fiduciary Funds

Year ended June 30, 2009

	Private Purpose Trust
Additions:	
Local sources:	
Interest on investments	\$ 898
Contributions	<u>500</u>
Total additions	<u>1,398</u>
Deductions:	
Support services:	
Other	<u>1,760</u>
Total deductions	<u>1,760</u>
Change in net assets	(362)
Net assets beginning of year	<u>22,884</u>
Net assets end of year	<u><u>\$ 22,522</u></u>

See notes to financial statements.

IOWA FALLS COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2009

(1) Summary of Significant Accounting Policies

Iowa Falls Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. The geographic area served includes the City of Iowa Falls, Iowa, and agricultural territory in Hardin and Franklin Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Iowa Falls Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. Iowa Falls Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Hardin County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, including instructional, support and other costs.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

The Debt Service Fund is utilized to account for the payment of interest and principal on the District's general long-term debt.

The District reports the following major proprietary funds:

The District's proprietary funds are the Enterprise, School Nutrition and Day Care Funds. These funds are used to account for the food service and day care operations of the District.

The District also reports fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary funds include the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

The Agency Fund is used to account for assets held by the District as an agent of individuals, private organizations and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of results of operation.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected with 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The proprietary fund of the District applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Funds are charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year become effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2008.

Due From Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 2,000
Buildings	10,000
Improvements other than buildings	10,000
Furniture and equipment:	
School Nutrition Fund equipment	1,000
Other furniture and equipment	1,000

Property, furniture and equipment are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	50 years
Improvements other than buildings	20-50 years
Furniture and equipment	5-15 years

Salaries and Benefits Payable - Payroll and related expenditures for employees with annual contracts corresponding to the current school year, which is payable in July, have been accrued as liabilities.

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied as well as unspent federal program revenue.

Compensated Absences - District employees accumulated a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability is deemed to be immaterial at June 30, 2009.

Unearned Revenue - Unearned revenues in the School Nutrition Fund are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The revenue will be considered earned when services are provided. The lunch account balances are reflected on the Statement of Net Assets in the Proprietary Funds.

Long-Term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Equity - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets - In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2009, expenditures did not exceed the amended budget amounts in any of the four functions. The District did not exceed its General Fund unspent authorized budget.

(2) **Cash and Pooled Investments**

The District's deposits in banks at June 30, 2009 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education and the Treasurer of the State of Iowa; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The District had no investments at June 30, 2009.

(3) Capital Assets

Capital assets activity for the year ended June 30, 2009 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 128,358	-	-	128,358
Construction in progress	<u>61,992</u>	<u>-</u>	<u>61,992</u>	<u>-</u>
	<u>190,350</u>	<u>-</u>	<u>61,992</u>	<u>128,358</u>
Capital assets being depreciated:				
Land Improvements	767,752	-	-	767,752
Buildings	8,995,729	882,152	-	9,877,881
Furniture and Equipment	<u>3,546,740</u>	<u>398,551</u>	<u>147,144</u>	<u>3,798,147</u>
Total capital assets being depreciated	<u>13,310,221</u>	<u>1,280,703</u>	<u>147,144</u>	<u>14,443,780</u>
Less accumulated depreciation for:				
Land Improvements	597,935	10,922	-	608,857
Buildings	3,850,624	190,139	-	4,040,763
Furniture and Equipment	<u>2,723,825</u>	<u>221,201</u>	<u>147,144</u>	<u>2,797,882</u>
Total accumulated depreciation	<u>7,172,384</u>	<u>422,262</u>	<u>147,144</u>	<u>7,447,502</u>
Total capital assets being depreciated, net	<u>6,137,837</u>	<u>858,441</u>	<u>-</u>	<u>6,996,278</u>
Governmental activities, capital assets, net	<u>\$ 6,328,187</u>	<u>858,441</u>	<u>61,992</u>	<u>7,124,636</u>
Business type activities:				
Furniture and equipment	\$ 177,157	899	96,249	81,807
Less accumulated depreciation	<u>137,500</u>	<u>6,817</u>	<u>96,249</u>	<u>48,068</u>
Business type activities capital assets, net	<u>\$ 39,657</u>	<u>(5,918)</u>	<u>-</u>	<u>33,739</u>
Depreciation expense was charged to the following functions:				
Governmental activities:				
Support services:				
Transportation				\$ 50,181
Unallocated				<u>372,081</u>
				<u>\$ 422,262</u>
Business Type activities:				
Food service operations				<u>\$ 6,817</u>

(4)

General Obligation Bonds Payable

Details of the District's June 30, 2009 general obligation bonded indebtedness are as follows:

<u>Year Ending June 30,</u>	<u>Interest Rates</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2010	2.80%	\$27,523	320,000	347,523
2011	3.00	18,563	330,000	348,563
2012	3.15	<u>8,663</u>	<u>275,000</u>	<u>283,663</u>
Total		<u>\$54,749</u>	<u>925,000</u>	<u>979,749</u>

(5) Changes in Long-Term Debt

A summary of changes in long-term debt for the year ended June 30, 2009 are as follows:

	<u>Net OPEB Liability</u>	<u>Early Retirement</u>	<u>General Obligation Bonds</u>	<u>Revenue Bonds</u>	<u>Total</u>
Balance beginning of year	\$ -	231,274	1,240,000	815,000	2,286,274
Additions	21,000	101,361	-	-	122,361
Reductions	<u>-</u>	<u>122,002</u>	<u>315,000</u>	<u>265,000</u>	<u>702,002</u>
Balance end of year	<u>\$21,000</u>	<u>210,633</u>	<u>925,000</u>	<u>550,000</u>	<u>1,706,633</u>

(6) Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, PO Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 4.10% of their annual salary and the District is required to contribute 6.35% of annual covered salary. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2009, 2008, and 2007 were \$402,365, \$359,666, and \$327,800 respectively, equal to the required contributions for each year.

(7) Risk Management

Iowa Falls Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance, except as described in the following paragraph. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(8) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$380,255 for year ended June 30, 2009 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(9) Revenue Bonds Payable

Details of the District's June 30, 2009 School local option sales and services tax revenue bonded indebtedness are as follows:

<u>Year Ending June 30,</u>	<u>Bond Issue of December 1, 2008</u>			
	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	3.10%	\$270,000	17,330	287,330
2011	3.20	<u>280,000</u>	<u>8,960</u>	<u>288,960</u>
Total		<u>\$550,000</u>	<u>26,290</u>	<u>576,290</u>

The District has pledged future local option (statewide) sales and services tax revenues to repay the \$815,000 of bonds issued in 2007. The bonds were issued for the purpose of financing a portion of the costs of remodeling facilities. The bonds are payable solely from the proceeds of the local option sales and service tax revenues received by the District and are payable through 2011. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 50 percent of the local option (statewide) sales and services tax revenues. The total principal and interest remaining to be paid on the notes is \$576,290. For the current year, \$279,466 of principal and interest was paid on the bonds and total statewide sales and services tax revenues were \$713,509.

The resolution providing for the issuance of the local option and services tax revenue bonds includes the following provisions:

- a) \$81,500 of the proceeds from the issuance of the revenue bonds are deposited in a reserve account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking account. The balance of the proceeds shall be deposited to the project account.
- b) All proceeds from the local option (statewide) sales and services tax shall be placed in a revenue account.
- c) Monies in the revenue account shall be disbursed to make deposits into a sinking account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the revenue account after the required transfer to the sinking account may be transferred to the project account to be used for any lawful purpose.

(10) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2009 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects	<u>\$340,677</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(11) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2009 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Enterprise: Day Care Fund	<u>\$10,344</u>

The Enterprise, Day Care Fund owes the General Fund for a shortfall in a joint checking account.

(12) Iowa School Cash Anticipation Program (ISCAP)

The District participates in the Iowa Schools Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants, which mature as noted below. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. ISCAP accounts are maintained for each participating entity, and monthly statements are provided regarding their cash balance, interest earnings and amounts available for withdrawal for each outstanding series of warrants. Bankers Trust Co. NA is the trustee for the program. A summary of the District's participation in ISCAP as of June 30, 2009 is as follows:

<u>Series</u>	<u>Warrant Date</u>	<u>Final Warrant Maturity</u>	<u>Investment</u>	<u>Accrued Interest Receivable</u>	<u>Warrants Payable</u>	<u>Accrued Interest Payable</u>
2009-10A	6/25/09	6/23/10	<u>\$572,930</u>	<u>71</u>	<u>564,000</u>	<u>193</u>

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the District must repay the outstanding withdrawal from its General Fund receipts. In addition the District must make minimum warrant repayments on the 25th of each month immediately following the final date the warrant proceeds may be used in an amount equal to 25% of the warrant amount. There was no ISCAP advance activity in the General Fund for the year ended June 30, 2009.

The warrants bear interest rate and the proceeds of the warrants are invested at an interest rate as shown below:

<u>Series</u>	<u>Interest Rates on Warrants</u>	<u>Interest Rates on Investments</u>
2009-10A	2.500%	0.902%

(13) Other Postemployment Benefits (OPEB)

The District implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits other Than Pensions during the year ended June 30, 2009.

Plan Description - The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 142 active and 16 retired members in the plan. Participants must be age 55 or older at retirement.

The medical and prescription drug coverage is provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which result in an implicit subsidy and an OPEB liability.

Funding Policy - The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefits plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2009, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$158,000
Interest on net OPEB Obligation	-
Adjustment to annual required contribution	-
Annual OPEB Cost	158,000
Contributions made	137,000
Increase in net OPEB obligation	21,000
Net OPEB obligation beginning of year	-
Net OPEB obligation end of year	\$ <u>21,000</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of the year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2009.

For the year ended June 30, 2009, the District contributed \$137,000 to the medical plan.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2009 are summarized as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2009	\$158,000	86.7%	\$21,000

Funded Status and Funding Progress - As of July 1, 2008, the most recent actuarial valuation date for the period July 1, 2008 through June 30, 2009, the actuarial accrued liability was \$1,676,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,676,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$6,262,000 and the ratio of the UAAL to covered payroll was 26.8%. As of June 30, 2009, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information, in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2008 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions includes a 4.50% discount rate based on the District's funding policy. The projected annual medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities fro the IPERS Actuarial Report as of June 30, 2008 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2008.

Projected claim costs of the medical plan are \$702 per month for retirees less than age 65 and \$283 per month for retirees who have attained age 65. The salary increase rate was assumed to be 4% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 yearsw.

Required Supplementary Information

IOWA FALLS COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances -
Budget and Actual - All Governmental Funds and Proprietary Fund

Required Supplementary Information

Year ended June 30, 2009

	Governmental Fund Types	Proprietary Fund Type	Total Actual	Budgeted Amounts Original	Final	Final to Actual Variance
Revenues						
Local sources	\$ 6,017,392	288,387	6,305,779	5,813,461	5,813,461	492,318
State sources	5,763,655	6,271	5,769,926	5,988,229	5,988,229	(218,303)
Federal sources	407,506	222,594	630,100	433,476	433,476	196,624
Total revenues	<u>12,188,553</u>	<u>517,252</u>	<u>12,705,805</u>	<u>12,235,166</u>	<u>12,235,166</u>	<u>470,639</u>
Expenditures/Expenses:						
Instruction	7,377,668	-	7,377,668	7,924,600	7,924,600	546,932
Support services	3,199,400	-	3,199,400	2,979,300	3,215,741	16,341
Non-instructional programs	-	531,052	531,052	535,305	535,305	4,253
Other expenditures	2,334,539	-	2,334,539	2,047,794	2,341,469	6,930
Total expenditures/expenses	<u>12,911,607</u>	<u>531,052</u>	<u>13,442,659</u>	<u>13,486,999</u>	<u>14,017,115</u>	<u>574,456</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	(723,054)	(13,800)	(736,854)	(1,251,833)	(1,781,949)	1,045,095
Other financing sources (uses)	<u>250</u>	<u>-</u>	<u>250</u>	<u>-</u>	<u>-</u>	<u>250</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures/ expenses and other financing uses	(722,804)	(13,800)	(736,604)	(1,251,833)	(1,781,949)	1,045,345
Balance beginning of year	<u>2,678,993</u>	<u>23,978</u>	<u>2,702,971</u>	<u>1,797,560</u>	<u>1,797,560</u>	<u>905,411</u>
Balance end of year	<u>\$ 1,956,189</u>	<u>10,178</u>	<u>1,966,367</u>	<u>545,727</u>	<u>15,611</u>	<u>1,950,756</u>

See accompanying independent auditor's report.

IOWA FALLS COMMUNITY SCHOOL DISTRICT

Note to Required Supplementary Information - Budgetary Reporting

Year ended June 30, 2009

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standard Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. The District adopted one budget amendment during the year, increasing expenditures by \$530,116.

During the year ended June 30, 2009, expenditures did not exceed the amended amount budgeted in any of the four functions. The District did not exceed the General Fund unspent authorized budget.

IOWA FALLS COMMUNITY SCHOOL DISTRICT

Schedule of Funding Progress for the
Retiree Health Plan
(In Thousands)

Required Supplementary Information

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Jul 1, 2008	\$0	\$1,676	\$1,676	0.0%	\$6,262	26.8%

See Note 12 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

Other Supplementary Information

IOWA FALLS COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet
Nonmajor Special Revenue Funds

June 30, 2009

	Physical Plant and Equipment Levy	Management Levy	Student Activity	Total
Assets				
Cash and pooled investments	\$ 2,118	55,169	115,505	172,792
Property tax receivable:				
Current year	1,414	3,464	-	4,878
Succeeding year	90,512	193,636	-	284,148
Interfund receivable	-	-	-	-
Other receivables	-	752	8,260	9,012
Total assets	<u>94,044</u>	<u>253,021</u>	<u>123,765</u>	<u>470,830</u>
Liabilities and Fund Balance				
Liabilities:				
Accounts payable	-	-	1,679	1,679
Deferred revenue:				
Succeeding year property tax	90,512	193,636	-	284,148
	<u>90,512</u>	<u>193,636</u>	<u>1,679</u>	<u>285,827</u>
Fund balance:				
Unreserved fund balance	3,532	59,385	122,086	185,003
Total liabilities and fund balance	<u>\$ 94,044</u>	<u>253,021</u>	<u>123,765</u>	<u>470,830</u>

See accompanying independent auditor's report.

IOWA FALLS COMMUNITY SCHOOL DISTRICT

Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Special Revenue Funds

Year ended June 30, 2009

	Physical Plant and Equipment Levy	Management Levy	Student Activity	Total
Revenues:				
Local sources:				
Local tax	\$ 89,987	200,110	-	290,097
Other	11	17,271	269,919	287,201
State sources	60	148	-	208
Total revenues	<u>90,058</u>	<u>217,529</u>	<u>269,919</u>	<u>577,506</u>
Expenditures:				
Instruction:	-	125,412	247,473	372,885
Support services:				
Instructional staff services	-	6,538	-	6,538
Administration services	-	23,740	-	23,740
Operation and maintenance of plant services	-	62,117	-	62,117
Transportation services	-	16,552	-	16,552
Other expenditures:				
Facilities acquisition and construction	<u>87,718</u>	<u>-</u>	<u>-</u>	<u>87,718</u>
Total expenditures	<u>87,718</u>	<u>234,359</u>	<u>247,473</u>	<u>569,550</u>
Net change in fund balance	2,340	(16,830)	22,446	7,956
Fund balances beginning of year	<u>1,192</u>	<u>76,215</u>	<u>99,640</u>	<u>177,047</u>
Balance end of year	<u>\$ 3,532</u>	<u>59,385</u>	<u>122,086</u>	<u>185,003</u>

See accompanying independent auditor's report.

IOWA FALLS COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2009

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
HS Activity Tickets	-	3	3	-
HS Musical Theatre	10,388	4,336	3,586	11,138
HS Speech	-	239	239	-
HS Vocal	2,982	1,397	1,324	3,055
HS Band	1,507	589	2,096	-
HS Athletics Misc	2,575	38,868	33,999	7,444
HS Athletics Supplies	(53)	1,325	1,272	-
MS Cross Country	111	-	79	32
Boys Basketball	-	7,130	5,530	1,600
Football	7,683	19,211	15,359	11,535
Soccer	(6,589)	2,172	2,066	(6,483)
Baseball	(1,305)	7,253	8,705	(2,757)
Boys Track	(274)	3,961	785	2,902
Boys Cross Country	-	750	750	-
Boys Tennis	-	59	40	19
Boys Golf	-	410	410	-
Wrestling	-	7,814	6,286	1,528
HS Cheerleaders	-	780	80	700
HS Drill Team	2,059	2,340	2,219	2,180
Girls Basketball	1,232	11,280	11,558	954
Volleyball	396	6,404	6,800	-
Girls Softball	740	5,529	9,850	(3,581)
Girls Track	(420)	5,001	1,000	3,581
Girls Cross Country	-	1,258	1,258	-
Girls Tennis	-	1,082	1,082	-
Girls Golf	-	381	381	-
Resale - HS Band	336	546	735	147
HS Band Uniform Maintenance	6,212	172	462	5,922
Resale - Elementary Band	584	82	8	658
Resale - MS Band	904	82	-	986
RR - Lion's Lead Dog Account	1,711	4,015	3,386	2,340
Elementary Vocal Account	1,480	2,258	2,474	1,264
Pineview School	12,940	29,161	21,449	20,652
Rock Run School	16,736	14,993	15,659	16,070
HS - SADD Account	1,155	356	672	839
MS - LIFE Girls Group	557	1,000	332	1,225
MS - Science Club	681	866	521	1,026
MS - Student Council	5,674	16,287	12,852	9,109
MS - Rachel's Challenge	4	200	166	38
HS - SCI	156	-	-	156
HS - Tshirt Account	2,802	7,607	6,864	3,545
HS Marketing Club	490	-	-	490
HS Future Homemakers	17	-	-	17
HS Future Nurses	125	-	-	125

IOWA FALLS COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2009

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
HS Natl Honor Society	338	-	278	60
HS Art Club	465	-	170	295
HS Future Farmers of America	5,068	13,662	18,266	464
HS Student Council	3,308	1,123	1,476	2,955
HS Class of 2010	749	7,839	6,235	2,353
HS International Club	46	199	199	46
HS HEARTS Class	1,202	-	91	1,111
HS Speech Club Individual	2,270	5,938	2,899	5,309
HS Math Club	1,166	225	777	614
HS Class of 2008	1,209	-	1,209	-
HS Class of 2009	4,295	-	4,295	-
HS Popcorn Fund	2,959	10,129	10,233	2,855
HS Yearbook	2,892	22,907	19,008	6,791
Local Revenue - Interest	77	700	-	777
	<u>99,640</u>	<u>269,919</u>	<u>247,473</u>	<u>122,086</u>

See accompanying independent auditor's report.

IOWA FALLS COMMUNITY SCHOOL DISTRICT

Statement of Fiduciary Net Assets
Agency Funds

June 30, 2009

	Balance Beinning of Year	Additions	Deductions	Balance End of Year
Assets				
Cash and pooled investments	\$ 11,029	15,762	11,822	14,969
Liabilities				
Other payables	\$ 11,029	15,762	11,822	14,969

See accompanying independent auditor's report.

IOWA FALLS COMMUNITY SCHOOL DISTRICT

Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds

For the Last Nine Years

	Modified Accrual Basis								
	2009	2008	2007	2006	2005	2004	2003	2002	2001
Revenues:									
Local sources:									
Local tax									
Tuition	\$ 4,425,507	4,205,049	4,131,910	3,797,258	3,947,659	3,429,851	3,453,720	3,353,022	3,326,044
Other	941,463	909,851	920,235	778,711	697,387	302,960	301,391	261,691	194,259
State sources	650,422	658,951	857,693	845,315	529,728	429,504	407,221	439,508	540,872
Federal sources	5,763,655	5,490,019	5,298,716	4,908,993	4,558,433	4,320,386	4,447,239	4,313,227	4,236,643
	407,506	225,053	271,055	272,801	277,022	225,561	252,726	219,563	207,547
Total	<u>\$ 12,188,553</u>	<u>11,488,923</u>	<u>11,479,609</u>	<u>10,603,078</u>	<u>10,010,229</u>	<u>8,708,262</u>	<u>8,862,297</u>	<u>8,587,011</u>	<u>8,505,365</u>
Expenditures:									
Instruction	\$ 7,377,668	7,191,448	6,913,178	6,485,458	6,417,976	5,620,739	5,771,111	5,699,220	5,655,306
Support services:									
Student	373,982	304,984	278,966	266,983	75,269	76,568	194,857	209,236	215,257
Instructional staff	497,609	395,379	305,138	305,943	184,432	208,303	201,590	202,067	202,493
Administration	1,116,906	1,082,225	1,074,310	1,014,899	920,556	822,277	740,894	695,872	644,171
Operation and maintenance									
of plant	899,916	783,178	789,718	713,783	650,725	644,017	592,275	552,612	658,419
Transportation	310,987	394,148	306,386	347,992	243,628	210,146	290,524	265,173	177,039
Non-instructional programs	1,428	2,215	22,825	21,368	12,210	1,213	1,220	506	631
Other expenditures:									
Facilities acquisition	1,324,071	874,342	1,040,110	424,184	227,948	208,757	87,565	189,609	359,555
Debt Service:									
Principal	580,000	305,000	300,000	245,000	230,000	215,000	205,000	190,000	180,000
Interest and service charges	50,213	42,305	47,867	106,977	166,513	166,564	143,228	154,240	164,290
AEA flowthrough	380,255	361,604	354,443	321,953	305,072	308,090	322,323	319,891	321,719
Total	<u>\$ 12,913,035</u>	<u>11,736,828</u>	<u>11,432,941</u>	<u>10,254,540</u>	<u>9,434,329</u>	<u>8,481,674</u>	<u>8,550,587</u>	<u>8,478,426</u>	<u>8,578,880</u>

See accompanying independent auditor's report.

IOWA FALLS COMMUNITY SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

Year ended June 30, 2009

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures</u>
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
School Nutrition Cluster Programs:			
National School Breakfast Program	10.553	FY09	\$ 36,922
Food Distribution (non-cash)	10.555	FY09	32,633
National School Lunch Program	10.555	FY09	<u>153,039</u>
			<u>222,594</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	3150-09-G	119,105
ARRA - Title I Grants to Local Educational Agencies Recovery Act	84.389	FY09	12,613
ARRA - State Fiscal Stabilization Fund (SFSF) Education State Grants, Recovery Act	84.394	FY09	89,015
Safe and Drug-Free Schools and Communities - States Grants	84.186	FY09	4,818
Grants for Assessments and Related Activities	84.369	FY09	7,157
Improving Teacher Quality - States Grants	84.367	FY09	37,628
Vocational Education - Basic Grants to States	84.048	FY09	11,973
Area Education Agency 267			
Special Education - Grants to States (IDEA Part B)	84.027	FY09	53,985
School Improvement Grants, Recovery Act	84.388	FY09	16,109
ARRA - Special Education - Grants to States - Recovery Act	84.391	FY09	<u>29,631</u>
Total			<u>\$ 604,628</u>

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of Iowa Falls Community School District and is presented on the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.

BRUCE D. FRINK

Certified Public Accountant

Member:

- American Institute of Certified Public Accountants
- Iowa Society of Certified Public Accountants

Services:

- Individual & Corporate Tax Preparation, Partnerships, Estate & Trust
- Year Round Tax Planning
- Electronic Filing
- Payroll & Sales Tax Preparation
- I.R.S. Representation
- Monthly/Quarterly Write-Up
- Data Processing Services
- Payroll Preparation
- Computerized Financial Statements
- Business/Personal Financial Planning
- Bank Loan Assistance
- Section 105 Medical Plan Administration

Plus:

- Over 30 years of Expertise and Experience
- Evenings & Saturdays Available by Appointment
- Extended Hours During Tax Season

**Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance
with Government Auditing Standards**

To the Board of Education of
Iowa Falls Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Iowa Falls Community School District as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated March 16, 2010. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Iowa Falls Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Iowa Falls Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Iowa Falls Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies, including deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Iowa Falls Community School District's ability to initiate, authorize, record, process or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Iowa Falls Community School District's financial statements that is more than inconsequential will not be prevented or detected by Iowa Falls Community School District's internal control. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that result in more than a remote likelihood a material misstatement of financial statements will not be prevented or detected by Iowa Falls Community School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe items II-A-09 and II-B-09 are material weaknesses.

Compliance and Other Matters

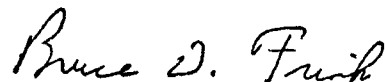
As part of obtaining reasonable assurance about whether Iowa Falls Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2009 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Iowa Falls Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit Iowa Falls Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Iowa Falls Community School District and other parties to whom Iowa Falls Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Iowa Falls Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



BRUCE D. FRINK
Certified Public Accountant

March 16, 2010

BRUCE D. FRINK

Certified Public Accountant

Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

Member:

- American Institute of Certified Public Accountants
- Iowa Society of Certified Public Accountants

Services:

- Individual & Corporate Tax Preparation, Partnerships, Estate & Trust
- Year Round Tax Planning
- Electronic Filing
- Payroll & Sales Tax Preparation
- I.R.S. Representation
- Monthly/Quarterly Write-Up
- Data Processing Services
- Payroll Preparation
- Computerized Financial Statements
- Business/Personal Financial Planning
- Bank Loan Assistance
- Section 105 Medical Plan Administration

Plus:

- Over 30 years of Expertise and Experience
- Evenings & Saturdays Available by Appointment
- Extended Hours During Tax Season

To the Board of Education of
Iowa Falls Community School District:

Compliance

We have audited the compliance of Iowa Falls Community School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2009. Iowa Falls Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants agreements applicable to each of its major federal programs is the responsibility of Iowa Falls Community School District's management. Our responsibility is to express an opinion on Iowa Falls Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Iowa Falls Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Iowa Falls Community School District's compliance with those requirements.

In our opinion Iowa Falls Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control over Compliance

The management of Iowa Falls Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Iowa Falls Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Iowa Falls Community School District's internal control over compliance.

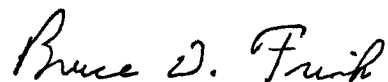
Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the District's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a material weakness.

A control deficiency in the District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of federal program that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-09 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies that result in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the District's internal control. We consider the significant deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-09 to be a material weakness.

Iowa Falls Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit Iowa Falls Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Iowa Falls Community School District and other parties to whom Iowa Falls Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.



BRUCE D. FRINK
Certified Public Accountant

March 16, 2010

IOWA FALLS COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

Part I: Summary of the Independent Auditor's Results:

- (a) Unqualified opinions were issued on the financial statements.
 - (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including material weaknesses.
 - (c) The audit did not disclose any noncompliance which is material to the financial statements.
 - (d) A significant deficiency in internal control over major programs was disclosed by the audit of the financial statements, which was considered to be a material weakness.
 - (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
 - (f) The audit disclosed no audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
 - (g) Major programs were as follows:
 - CFDA Number 84.394 - ARRA State Fiscal Stabilization Fund Education State Grants, Recovery Act
- School Nutrition Clustered Programs:
- CFDA Number 10.555 - National School Lunch Program
 - CFDA Number 10.553 - School Breakfast Program
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
 - (i) Iowa Falls Community School District did not qualify as a low-risk auditee.

IOWA FALLS COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

SIGNIFICANT DEFICIENCIES:

II-A-09 Segregation of Duties - One important aspect of the internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Although the District does a fine job of dividing incompatible duties among existing personnel, the District Secretary still has the ability to override the system without the knowledge of any other personnel.

Recommendation - We recommend that the District continue to segregate incompatible duties as much as possible, reviewing them annually to achieve the maximum segregation possible within the existing personnel. We realize that the District Secretary has large number of required duties under the Code of Iowa which makes the situation difficult. We also realize that the District has a limited budget within which to hire additional personnel.

Response - We will continue to review and implement new procedures, when possible, to achieve the maximum segregation with existing personnel.

Conclusion - Response accepted.

II-B-09 Auditor Drafting of the Financial Statements and Related Footnote Disclosures

Comment - As in prior years, we were requested to draft the audited financial statements and related footnote disclosures as part of our regular audit services. SAS 112, an auditing standard from the American Institute of Certified Public Accountants, requires auditors to communicate this situation as an internal control deficiency. Ultimately, it is management's responsibility to provide for the preparation of the District's statements and footnotes, and the responsibility of the auditor to determine the fairness of the presentation of those statements. From a practical standpoint we do both for you at the same time in connection with our audit. This is not unusual for us to do this with organizations of your size. However, based on this auditing standard, it is our responsibility to inform you that this deficiency could result in a misstatement to the financial statements that could have been prevented or detected by the District's management. As in prior years, we have instructed management to review a draft of the auditor prepared financial statements in detail for their accuracy, we have answered any questions they might have, and encouraged research of any accounting guidance in connection with the adequacy and appropriateness of classification and disclosure in your financial statements. We are satisfied that the appropriate steps have been taken to provide you with the completed financial statements.

Recommendation - It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Response - We feel our review of the draft financials is adequate for us to accept this risk.

Conclusion - Response accepted.

IOWA FALLS COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

SIGNIFICANT DEFICIENCY:

CFDA Number: 84.394 ARRA State Fiscal Stabilization Fund Education State
Grants, Recovery Act
Federal Award Year: 2009
US Department of Education
Passed through Iowa Department of Education

CFDA Number: 10.553 School Breakfast Program
10.555 National School Lunch Program
Federal Award Year: 2009
US Department of Agriculture
Passed through Iowa Department of Education

III-A-09 Segregation of Duties - The District did not properly segregate custody, record keeping and reconciling functions for funds, including those related to Federal programs.

Recommendation - We recommend that the District continue to segregate incompatible duties as much as possible, reviewing them annually to achieve the maximum segregation possible within the existing personnel. We realize that the District Secretary has large number of required duties under the Code of Iowa which makes the situation difficult. We also realize that the District has a limited budget within which to hire additional personnel.

Response and Corrective Action Planned - We will continue to review and implement new procedures, when possible, to achieve the maximum segregation with existing personnel.

Conclusion - Response accepted.

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-09 Certified Budget - Expenditures for the year ended June 30, 2009, did not exceed the amended certified budget amounts in any of the four functions.

IV-B-09 Questionable Expenditures - No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

IOWA FALLS COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

Part IV: Other Findings Related to Required Statutory Reporting:
(continued):

IV-C-09 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

IV-D-09 Business Transactions - Business transactions between the District and District officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
T. J. Norman Board President	Basketball announce	\$280

In accordance with Chapter 279.7A of the Code of Iowa these transactions do not appear to represent conflicts of interest since they total less than \$2,500 for the fiscal year.

Recommendation - The District should review these expenditures to ensure legal compliance.

Response - We will review these on an annual basis and consult with our attorney when needed.

Conclusion - Response accepted.

IV-E-09 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.

IV-F-09 Board Minutes - No transactions requiring Board approval which had not been approved by the Board were noted.

IV-G-09 Certified Enrollment - No variance in the basic enrollment data certified to the Department of Education were noted.

IV-H-09 Deposit and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.

IV-I-09 Certified Annual Report - The Certified Annual Report was certified timely to the Iowa Department of Education.

IV-J-09 Categorical Funding - No instances were noted of categorical funding being used to supplant rather than supplement other funds.

IOWA FALLS COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

Part IV: Other Findings Related to Required Statutory Reporting:

(continued):

IV-K-09 Statewide Sales and Services Tax - No instances of non-compliance with the use of the statewide sales and services tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales and services tax. For the year ended June 30, 2009, the District's financial activity and other required information for the statewide sales and services tax are as follows:

Beginning balance	\$ -
Statewide sales and services tax revenue	713,509
Expenditures/transfers out:	
School infrastructure:	
Other improvements	<u>713,509</u>
Ending balance	\$ <u>-</u>

IV-L-09 Deficit Balance - Several student activity accounts had deficit balances at June 30, 2009. The Day Care Fund had a deficit balance of \$10,344 at June 30, 2009.

Recommendation - The District should continue to investigate alternatives to eliminate these deficits in order to return these accounts to a sound financial condition.

Response - The District is continuing to investigate alternatives to eliminate deficits in the Day Care Fund and student activity accounts at the end of the fiscal year.

Conclusion - Response accepted.